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March 2, 2018

**VIA E FILING**

Jocelyn D. Boyd, Esquire  
Chief Clerk and Administrator  
South Carolina Public Service Commission  
101 Executive Center Drive  
Columbia, SC 29210

RE: Application of Carolina Water Service, Inc. for Approval of a Franchise Agreement  
between Carolina Water Service, Inc. and York County, South Carolina  
Docket No. 2018-\_\_\_\_-WS

Dear Ms. Boyd:

Enclosed please find for filing the Application with Exhibit in connection with the above-referenced matter. By copy of this correspondence, I am also notifying the Office of Regulatory Staff.

If you have any questions, or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/lbk

Enclosures

cc: Nanette S. Edwards, Esquire (w/encl.)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2018-\_\_\_\_-WS**

IN RE: Application of Carolina Water	)	
Service, Inc. for Approval of a	)	
Franchise Agreement between	)	<b>APPLICATION FOR APPROVAL</b>
Carolina Water Service, Inc. and	)	<b>OF FRANCHISE AGREEMENT</b>
York County, South Carolina	)	

Carolina Water Service, Inc. (“CWS” or “Applicant”), hereby applies to the Public Service Commission of South Carolina (“Commission”) for approval of a Franchise Agreement by and between Carolina Water Service, Inc., a Delaware corporation, and York County, South Carolina, (“York County”). Applicant would respectfully show unto the Commission the following:

1. Applicant is a public utility authorized to operate water and wastewater systems under the jurisdiction of the Commission. Its corporate charter is on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Applicant’s service has been authorized by the Commission Order No. 2015-876 issued December 22, 2015, in Docket No. 2015-199-W/S.

2. Applicant operates a potable water production, treatment, storage, transmission and distribution system (“water system”) and a sanitary wastewater collection, treatment and effluent disposable system (“sewer system”), in the State of South Carolina.

3. York County is a political subdivision of the State of South Carolina and has the authority to construct both water and sewer systems and to grant franchises for the operation of water and sewer systems to public utilities under South Carolina law and York County ordinance.

4. Applicant owns and operates a water system and sewer system in York County pursuant to a Franchise Agreement dated January 28, 1992, where it serves 4,056 water customers and 3,536 sewer customers in a defined area of the county ("Franchise Area").

5. The Applicant has negotiated an extension of its Franchise Agreement with York County for a period of 25 years through February 5, 2043. A copy of the Franchise Agreement is attached hereto and incorporated by reference as Exhibit A. The terms of the Franchise Agreement, which were unanimously approved by the York County Council on February 5, 2018, generally provide:

- A. York County has agreed to lease to CWS all York County-owned water and sewer infrastructure, including real property, easements and leases within the Franchise Area. CWS will maintain, upgrade, extend or replace the leased assets (Para. 2.a);
- B. York County will continue to own, maintain and retain control of its Crowders Creek Pump Station and main lines operated for the exclusive use and benefit of the Franchise Area, and York County will complete the upfit of a portion of the sewer line leased to CWS (Para. 2.b and c);
- C. CWS has agreed to pay York County annual capital recovery for York County's leased assets as shown on Exhibit 3 to the Franchise Agreement (Para. 4);
- D. CWS has agreed to a 2% franchise fee on the capital recovery charge payments made to York County (Para. 5);
- E. CWS has acknowledged and agrees to pay for its flow proportional share of the potential plant capacity increases charged by the City of Rock Hill to the County (Para 7);
- F. CWS has agreed to meet all federal, state and local regulatory requirements to include submission of a fat, oils and grease program, recognizing drought restrictions, treatment for pH, odor and corrosion control and maintenance of performance metrics for billing results, call center performance and customer complaints (Para. 8);
- G. CWS has agreed to make an assessment of its water and sewer system need within the Franchise Area and develop a 10-year capital improvement plan (Para. 9);
- H. CWS has agreed to install emergency backup connection facilities for water supply to Charlotte Mecklenburg Utilities (Para. 11);
- I. CWS agrees to install remote monitoring on all major sewage pump stations and those pump stations on Lake Wylie (Para. 12);

- J. CWS will maintain performance metrics for billing results, call center performance and customer complaints and provide York County with quarterly reports (Para. 13);
- K. York County will continue to provide water to CWS meeting the requirements of the Environmental Protection Agency ("EPA") and the South Carolina Department of Health and Environmental Control ("DHEC") and because the water provided CWS by York County is initially provided by the City of Rock Hill, York County will take steps to monitor chlorine and cooperate with CWS to maintain water quality meeting limits for lead and copper, total trihalomethanes and disinfection issues (Para. 14.a – c);
- L. York County will continue to provide sewage transportation and treatment capacity to CWS sufficient for the transportation and treatment of sewage generated within the Franchise Area (Para. 14.d);
- M. York County will provide CWS bulk water and sewer service at a rate not greater than the most favorable wholesale rate for bulk water and sewage services available to any other wholesale customer on York County's system (Para. 15);
- N. York County and CWS agree that the cost of water and sewer service will be based on master meter readings at appropriate locations (Para. 16);
- O. CWS agrees to collect and remit to York County the prevailing/current York County impact/capacity fees and other connection fees prior to connecting a customer within the Franchise Area (Para. 17);
- P. York County recognizes that CWS is entitled to charge and retain all water and sewer user fees and connection fees authorized by the Commission (Para. 18);
- Q. York County agrees to allow CWS to expand its water distribution facilities and sewage collection facilities to serve new customers subject to applicable Federal, State or local laws or regulation Para. 19); and
- R. CWS acknowledges York County's statutory right to acquire through condemnation CWS' Franchised Assets to include all real property, easements, pumps, pipes fittings, water tanks, basins and all water and wastewater facilities located within the Franchise Area (Para. 20).

The Franchise Agreement which contains additional specific terms and conditions is subject to Commission approval CWS and York County will operate under their 1992 Franchise Agreement until the Commission approves the new Franchise Agreement.

6. Upon approval of the Franchise Agreement, the Applicant will provide service to its customers in the Franchise Area according to the terms of the Franchise Agreement and

pursuant to all of the terms, conditions, rates and charges set forth in its rate schedule as may be on file with this Commission and in effect from time to time.

7. Approval of the Franchise Agreement is in the public interest. CWS's ratepayers will continue to receive quality water and sewer service that complies with all state, federal, and local drinking water and clean water requirements. York County and its citizens will benefit from the recovery of its costs of the leased assets from CWS, and CWS's customers benefit from the requirement that York County sell its bulk services at the most favorable wholesale rate available. York County will benefit from having water and sewer service available for growth and development in the Franchise Area. The 25-year term of the Franchise Agreement adds continuity and stability to the water and sewer service CWS offers its customers.

8. CWS requests that this Commission approve the Franchise Agreement with York County as in the public interest and authorize CWS to recover all payments, fees and charges agreed to in the Franchise Agreement as prudent, just and reasonable.

9. Applicant's representatives for purposes of this Application are:

A. Legal Representatives:

Scott Elliott, Esquire  
Elliott & Elliott, P.A.  
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Columbia, SC 29201  
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B. Company representative:

Catherine E. Heigel, President  
Carolina Water Service, Inc.  
150 Foster Brothers Drive  
West Columbia, South Carolina 29172  
(800)272-1919  
[CEHeigel@uiwater.com](mailto:CEHeigel@uiwater.com)

WHEREFORE, the Applicant respectfully requests that the Commission take the following action:

- A. To approve the Franchise Agreement;
- B. To authorize CWS to recover all payments, fees and charges agreed to in the Franchise Agreement as prudent, just and reasonable; and
- C. For such other and further relief as this Commission deems just and proper.



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*Attorneys for Applicant Carolina Water Service, Inc.*

Columbia, South Carolina

March 2, 2018

## CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Carolina Water Service, Inc. for Approval of a Franchise Agreement between Carolina Water Service, Inc. and York County, South Carolina

DOCKET NO.: 2018-\_\_-WS

PARTIES SERVED: Nanette S. Edwards, Esquire  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, SC 29211

PLEADING: APPLICATION OF CAROLINA WATER SERVICE, INC. FOR APPROVAL OF A FRANCHISE AGREEMENT BETWEEN CAROLINA WATER SERVICE, INC. AND YORK COUNTY, SOUTH CAROLINA

March 2, 2018



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